


Chairman Linda Cropp
at the request of the Mayor

AN ACT

IN THE COUNCIL OF THE DISTRICT OF COLUMBIA

To amend Title 47 of the District of Columbia Code to exempt the CareFirst, Inc headquarters building project from sales and use taxes during the construction phase of this project and to grant certain employment tax credits to CareFirst, Inc. for each new District resident hired during a period of five years..

BE IT ENACTED, BY THE COUNCIL OF THE DISTRICT OF COLUMBIA,
That this act may be cited as the "CareFirst, Inc. Economic Assistance Act of 2003."

Sec. 2. Definitions.

(a) For the purposes of this act, the term:

(1) "CareFirst" means CareFirst, Inc., a Maryland non-stock corporation which is the sole member of Blue Cross Blue Shield of the National Capital Area and licensed to do business in the District of Columbia as Group Hospitalization and Medical Services, Inc.

(2) "CareFirst Project" means the acquisition , construction, installing and equipping of a office complex located at 840 First Street, N.E., and designate Square 675, Lot 848 (Record Lot 297) consisting of:

(A) An Approximately 244,000-square-foot office building;

(B) Parking of approximately 200 spaces;

1 (C) Other auxiliary improvements.

2 (3) "Qualified Employee" means an individual subject to the District's
3 personal income tax who is not currently employed in a facility owned or operated by
4 CareFirst and is hired to fill a position of indefinite duration consisting of a minimum of 35
5 hours per week for not less than 50 weeks per year which position is created by CareFirst .

6 (4) "Tax Credit" means the dollar value of a credit against a taxpayer's
7 aggregate annual liability for payment of the District franchise, personal property and
8 income taxes as determined by application of the provisions of Section 47-2005.

9 (5) "Tax Year" means any calendar year or portion of a calendar year in
10 which District taxes are due and payable.

11 Sec. 3. Title 47 of the District of Columbia Code is amended as follows:

12 (a) Section 47-2005 is amended as follows:

13 (1) Paragraph (31) is amended by striking the phrase "; and" and at the end
14 of the paragraph and inserting a semi-colon in its place

15 (2) Paragraph (32) is amended by striking the period at the end of the
16 paragraph and inserting the phrase ";and" in its place.

17 (3) A new paragraph (33) is added to read as follows:

18 "(33)(A) Gross receipts from the sales of tangible personal property to be
19 incorporated or consumed in the course of construction of the CareFirst Project.

20 (B) For the purposes of this paragraph," CareFirst Project" means the
21 acquisition, construction, installing and equipping of an office complex located at 840 First
22 Street, N.E. and designated as Square 675, Lot 848 (Record Lot 297), and consisting of :

23 (i) An approximately 244,000 square foot office building;

1 (ii) Parking of approximately 200 spaces;

2 (iii) Other ancillary improvements.

3 (C) The amount of all taxes, fees, and deposits exempted, abated or
4 waived under this paragraph shall not exceed \$ 2,000,000.000.

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6 (b) The table of contents for Chapter 18 is amended by adding a new section
7 designation "47-1818.01. Tax credit to CareFirst for wages to qualified employees."

8 (c) A new section 47-1818.01 is added to read as follows:

9 "§ 47-1818.01. Tax credit to CareFirst for wages to qualified employees.

10 (a) Subject to the limitations of paragraphs (b), (c), (d) and (e) of this
11 section, for five consecutive tax years beginning with the first tax year during
12 which the CareFirst Project is occupied, for each qualified employee hired by
13 CareFirst that exceeds the number of employees employed by CareFirst as of
14 January 1, 2003, and otherwise meets the requirements of this section, CareFirst
15 shall be allowed a credit against the tax imposed by § 47-1817.06 of up to
16 \$1,000.00 for each qualified employee hired. The maximum amount of tax
17 credits awarded under this paragraph shall not exceed \$1,000,000.

18 (b) The aggregate amount of employment tax credits earned by
19 CareFirst under this section shall be determined as of the last calendar day of the first
20 year in which the award is sought. Credit amounts allowed under this section for any tax
21 year shall not exceed fifty percent (50%) of the wages paid to such qualified employee
22 during the tax year in which an application is filed pursuant to section 3(e). The

1 maximum annual employment tax credit allowed shall not exceed the total of franchise,
2 personal property and income taxes imposed on the CareFirst during the tax year in
3 which the credit is sought.

4 (c) Allocations of earned employment tax credits shall be made over
5 60 consecutive months, commencing with the respective month in which each qualified
6 employee is hired and shall be allowed ratably for each qualified employee in accordance
7 with the number of months such qualified employee is employed at the CareFirst Project
8 during the tax year for which the tax credit is sought and shall terminate the earlier of: (1)
9 the fifth anniversary of the date of its commencement; (2) the date that CareFirst fails to
10 meet the respective annual certification of compliance requirements of section 3(e) of this
11 subchapter and (3) the date of the filing of a petition in bankruptcy in connection with
12 CareFirst's business.

13 (d) Employment tax credits that are allowed but unusable for the tax
14 year in which they are earned may be carried forward for the five succeeding tax years,
15 but no credits shall be carried back to a prior tax year.

16 (e) Tax benefits under this section shall not be allowed:

17 (1) if CareFirst pays the qualified employee less than the greater of the
18 legal minimum wage and the wage CareFirst pays other employees in similar
19 jobs;

20 (2) if CareFirst accords the qualified employee less benefits or rights
21 than it accords other employees in similar jobs; or

1 (3) if the qualified employee is a member of the board of directors of
2 CareFirst; directly or indirectly owns 5% or more of its stock; or is related to a
3 member of the board of directors or owner of 5% or more of its stock as a spouse
4 or as a relative within the meaning of "dependent" in Sec. 152 of the Internal
5 Revenue Code of 1986, as amended, without regard to income."

6 (d) The table of contents for Chapter 18 is amended by inserting the section designation
7 "47-1818.06. Annual Certification of Compliance." after the section designation "47-
8 1818.05. Application, Election and Limitations Regarding Tax Benefits."

9 (e) A new section 47-1818.06 is added to read as follows:

10 "§ 47-1818.06. Annual Filing and Continuing Compliance.

11 (a) A claim for tax benefits under this subchapter is made by completing a
12 worksheet and affidavit appended to the taxpayer's annual filing with the Office of Tax
13 and Revenue. The affidavit shall set forth the basis for and the value of tax benefits
14 requested for the tax year and the amounts allowed for each preceding year that such
15 benefits were provided pursuant to this subchapter and shall be signed under penalty of
16 perjury. The affidavit shall state the following:

17 After reasonable investigation, the undersigned has determined that CareFirst:

18 (1) has met and intends to continue to meet the requirements
19 applicable to its receipt of tax benefits of the type and in the amount(s) requested;

20 (2) is in compliance with terms of all public benefit agreements
21 entered into with the District, including, but not limited to, the First Source

1 Employment Agreement with the District Department of Employment Services
2 and the Memorandum of Understanding with the District Office of Local
3 Business Development;

4 (3) is not now receiving and does not now have pending any other
5 application for abatement of real property tax liability or an allowance of tax
6 credits in connection with a single property, qualified employee or financial
7 contribution made pursuant to any other provision of District law;

8 (4) is not delinquent in the payment of taxes, fees or other
9 indebtedness to the District; and

10 (5) is not in violation of the applicable laws and regulations of the
11 District.

12 (b) Tax filings made pursuant to this subchapter shall be subject to audit."

13 Sec. 4. Fiscal impact statement

14 The Councils adopts the fiscal impact statement provided by the Chief Financial
15 Officer as the fiscal impact statement required by section 602(c)(3) of the District of
16 Columbia Home Rule Act, approved December 24, 1973 (87 Stat.813; D.C. Codes 1-
17 233(c)(3)).

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19 Sec. 5. Effective date.

20 This act shall take effect following approval by the Mayor (or in the event of veto by

1 the Mayor, action by the Council to override the veto), a 30-day period of Congressional
2 Review as provided in section 602 (c)(1) of the District of Columbia Home Rule Act,
3 approved December 24, 1973 (87 Stat. 813; D.C. Official Code § -206.02 (c)(1)), and
4 publication in the District of Columbia Register.

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